

# TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman  
Lynn Greer, Director  
Sara Kyle, Director



460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

## MEMORANDUM

**TO:** Chairman Melvin Malone  
Director Lynn Greer  
Director Sara Kyle  
David Waddell, Executive Secretary

**FROM:** Joe Werner, Chief  
Telecommunications Division

**DATE:** December 15, 1999

**RE:** TEC Overearnings

It has been brought to our attention by both the Consumer Advocate and representatives of the TEC companies (Crockett, Peoples and West Tennessee Telephone) that a settlement has been reached on projected overearnings by the TEC companies in the amount of \$5.7 million for 1999-2001. In addition, AT&T has petitioned the Authority to convene a contested case to address the over-earnings of TEC. This petition has been assigned Docket 99-00956.

Both the Consumer Advocate and TEC have requested the TRA Staff's assistance in developing a rate proposal to alleviate the projected overearnings. I believe that it is in the best interest of the Authority, consumers and the parties, for the Staff to work with the parties on a proposed rate design. This could possibly eliminate the need for a hearing in the future on this matter.

Therefore, I have assigned David Foster to work with the parties on a rate design proposal. In light of this assignment, David will not act as an advisor to the Directors on this matter, nor will he discuss this matter with other Staff members who may be asked to advise on this matter.

A copy of this letter has been placed in the official file for Docket 99-00956. Let me know if you have any questions or if additional information is needed.

cc: Docket File: Docket 99-00956  
Richard Collier  
Gary Hotvedt  
Chris Klein  
Eddie Roberson  
Telecom Division

FILED